



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 135-40 – Time-Share Regulations Department of Professional and Occupational Regulation October 1, 2001

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

These regulations were last revised in 1987. The Real Estate Board (board) proposes to make several changes to these regulations, primarily to reflect amendments to the Virginia Real Estate Time-Share Act (act) that have occurred since then. The proposed amendments include deleting language that is duplicative of the act, altering language to better reflect the act, and other changes made for clarification. In addition, the board proposes to permit time-share developers a 20-day grace period for submitting amended public offering statements to reflect material changes.

Estimated Economic Impact

Under the current regulations, time-share developers are required to submit to the board public offering statements amended to reflect a material change prior to or upon the occurrence of the material change. Section § 55-362 of the Code of Virginia defines a material change as “a change in any information or document disclosed in or attached to the public offering statement

which renders inaccurate, incomplete or misleading any information or document in such a way as to affect substantially a purchaser's rights or obligations, ..." Several exceptions are included in the statute.

The board proposes to permit developers a 20-day grace period for submitting amended public offering statements to reflect material changes. According to the Department of Professional and Occupational Regulation, the board has routinely permitted a 20-day grace period in practice. Also, the proposed regulations retain the following statement: "No promise, assertion, representation or statement of fact or opinion in connection with a time-share marketing activity shall be made which is false, inaccurate or misleading by reason of inclusion of an untrue statement of a material fact or omission of a statement of a material fact relative to the actual or intended characteristics, circumstances or features of the time-share project or a time-share." The Virginia courts have consistently allowed purchasers of time-shares to void their contracts when the marketing materials have not accurately reflected material changes.¹ Thus, this proposed change, as well as the proposed amendments to delete duplicative language, alter language to better reflect the act, and changes made for clarification will not substantially affect citizens, businesses, and other entities in Virginia.

Businesses and Entities Affected

The proposed regulations affect the 66 time-share properties registered in Virginia, as well as their owners and clients.

Localities Particularly Affected

Most Virginia time-share properties are located within Virginia Beach, the Colonial Williamsburg area, Alexandria, or near alpine skiing.² Time-share properties that are marketed within Virginia but are located out-of-state are also subject to these regulations.

Projected Impact on Employment

The proposed changes are not projected to affect employment.

Effects on the Use and Value of Private Property

The proposed changes are unlikely to affect the use and value of private property.

¹ Source: The Department of Professional and Occupational Regulation

² Ibid